



General Assembly

Substitute Bill No. 611

February Session, 2002

***AN ACT CONCERNING A TAX AMNESTY PROGRAM, A HOUSING
TAX CREDIT AND RELATED HOUSING PROVISIONS, THE
CORPORATION BUSINESS TAX AND THE ESTATE TAX.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-35e of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) As used in this section, (1) "person" means person, as defined in
4 section 12-1; (2) "affected taxable period" means any taxable period
5 ending on or before March 31, [1995] 2002, (A) for which a tax return
6 was required by law to be filed with the Commissioner of Revenue
7 Services and for which no return has been previously filed or made by
8 the commissioner on behalf of such person, (B) for which a tax return
9 was previously filed but not examined by the Department of Revenue
10 Services and on which return the tax was underreported, (C) for which
11 interest or a penalty was imposed for the late payment of tax, (D) for
12 which interest or a penalty was imposed, upon examination of a tax
13 return by the department, for underreporting of the tax, or (E) for
14 which interest or an addition to tax was made where a person failed to
15 file a tax return and the commissioner made a return on behalf of such
16 person; (3) "affected person" means a person owing any tax for an
17 affected taxable period; (4) "tax" means any tax imposed by any law of
18 this state and required to be collected by the department; (5)
19 "commissioner" means the Commissioner of Revenue Services; and (6)

20 "department" means the Department of Revenue Services.

21 (b) The commissioner shall establish a tax amnesty program for
22 persons owing any tax for any affected taxable period. Amnesty tax
23 return forms shall be prepared by the commissioner and shall provide
24 for specification by the affected person of the tax and the affected
25 taxable period for which amnesty is being sought. The tax amnesty
26 program shall be conducted during the period September 1, [1995]
27 2002, to November 30, [1995] 2002, inclusive. The tax amnesty program
28 shall provide that, upon written application by the affected person,
29 and payment by such person of all taxes and interest due from such
30 person to this state for affected tax periods, the commissioner shall not
31 seek to collect any penalties that may be applicable and shall not seek
32 criminal prosecution for any affected person for an affected taxable
33 period for which amnesty has been granted. For the purposes of
34 computing interest due for the affected taxable period for which tax is
35 due pursuant to subparagraph (A) or (B) of subdivision (1) of
36 subsection (a) of this section, such interest shall be computed at the
37 rate of one per cent per month or fraction thereof. Amnesty shall be
38 granted only to those affected persons who have applied for amnesty
39 during the tax amnesty period and who have paid the tax and interest
40 due upon filing the amnesty tax return or have entered into an
41 installment payment agreement for reasons of financial hardship upon
42 the terms and conditions set by the commissioner. In the case of the
43 failure of an affected person to pay any installment at the time such
44 installment payment is due under such agreement, the agreement shall
45 cease to be effective and the balance of the amounts required to be paid
46 thereunder shall be due immediately. Failure to pay all amounts due to
47 this state shall invalidate any amnesty granted pursuant to this section.

48 (c) Amnesty shall not be granted pursuant to subsection (b) of this
49 section to any affected person who (1) has received notice from the
50 department that an audit examination is being conducted in relation to
51 the affected taxable period for which amnesty is being sought, or (2) is
52 a party to any criminal investigation or to any civil or criminal
53 litigation that is pending on June 1, [1995] 2002, in any court of the

54 United States or this state for failure to file or failure to pay, or for
55 fraud in relation to any tax imposed by any law of this state and
56 required to be collected by the department.

57 (d) Notwithstanding any provision of law to the contrary, the
58 commissioner may do all things necessary in order to provide for the
59 timely implementation of this section.

60 Sec. 2. Section 8-395 of the general statutes, as amended by section 6
61 of public act 01-8 of the June special session, is repealed and the
62 following is substituted in lieu thereof (*Effective July 1, 2002*):

63 (a) As used in this section, (1) "business firm" means any business
64 entity authorized to do business in the state and subject to the
65 corporation business tax imposed under chapter 208, or any company
66 subject to a tax imposed under chapter 207, or any air carrier subject to
67 the air carriers tax imposed under chapter 209, or any railroad
68 company subject to the railroad companies tax imposed under chapter
69 210, or any regulated telecommunications service, express, telegraph,
70 cable, or community antenna television company subject to the
71 regulated telecommunications service, express, telegraph, cable, and
72 community antenna television companies tax imposed under chapter
73 211, or any utility company subject to the utility companies tax
74 imposed under chapter 212, and (2) "nonprofit corporation" means a
75 nonprofit corporation incorporated pursuant to chapter 602 or any
76 predecessor statutes thereto, having as one of its purposes the
77 construction, rehabilitation, ownership or operation of housing and
78 having articles of incorporation approved by the executive director of
79 the Connecticut Housing Finance Authority in accordance with
80 regulations adopted pursuant to section 8-79a or 8-84.

81 (b) The Commissioner of Revenue Services shall grant a credit
82 against any tax due under the provisions of chapter 207, 208, 209, 210,
83 211 or 212 in an amount equal to the amount specified by the
84 Connecticut Housing Finance Authority in any tax credit voucher
85 issued by said authority pursuant to subsection (c) of this section.

86 (c) The Connecticut Housing Finance Authority shall administer a
87 system of tax credit vouchers within the resources, requirements and
88 purposes of this section, for business firms making cash contributions
89 to housing programs developed, sponsored or managed by a nonprofit
90 corporation, as defined in subsection (a) of this section, which benefit
91 low and moderate income persons or families which have been
92 approved prior to the date of any such cash contribution by the
93 authority. Such vouchers may be used as a credit against any of the
94 taxes to which such business firm is subject and which are enumerated
95 in subsection (b) of this section. For income years commencing on or
96 after January 1, 1998, to be eligible for approval a housing program
97 shall be scheduled for completion not more than three years from the
98 date of approval. Each program shall submit to the authority quarterly
99 progress reports and a final report upon completion, in a manner and
100 form prescribed by the authority. If a program fails to be completed
101 after three years, or at any time the authority determines that a
102 program is unlikely to be completed, the authority may reclaim any
103 remaining funds contributed by business firms and reallocate such
104 funds to another eligible program.

105 (d) No business firm shall receive a credit pursuant to both this
106 section and chapter 228a in relation to the same cash contribution.

107 (e) Nothing in this section shall be construed to prevent two or more
108 business firms from participating jointly in one or more programs
109 under the provisions of this section. Such joint programs shall be
110 submitted, and acted upon, as a single program by the business firms
111 involved.

112 (f) No tax credit shall be granted to any business firm for any
113 individual amount contributed of less than two hundred fifty dollars.

114 (g) Any tax credit not used in the period during which the cash
115 contribution was made may be carried forward or backward for the
116 five immediately succeeding or preceding income years until the full
117 credit has been allowed.

118 (h) In no event shall the total amount of all tax credits allowed to all
119 business firms pursuant to the provisions of this section exceed [five]
120 six million dollars in any one fiscal year, provided, until November
121 first of each year, one million dollars of the total amount of all tax
122 credits under this section shall be set aside for the Supportive Housing
123 Pilots Initiative established pursuant to section 5 of [this act] public act
124 01-8 of the June special session. On or after November first of each
125 year, any unused portion of such tax credits shall become available for
126 any housing program eligible for tax credits pursuant to this section.

127 (i) No organization conducting a housing program or programs
128 eligible for funding with respect to which tax credits may be allowed
129 under this section shall be allowed to receive an aggregate amount of
130 such funding for any such program or programs in excess of four
131 hundred thousand dollars for any fiscal year.

132 (j) Nothing in this section shall be construed to prevent a business
133 firm from making any cash contribution to a housing program to
134 which tax credits may be applied which cash contribution may result
135 in the business firm having a limited equity interest in the program.

136 (k) The Connecticut Housing Finance Authority, with the approval
137 of the Commissioner of Revenue Services, shall adopt written
138 procedures in accordance with section 1-121 to implement the
139 provisions of this section. Such procedures shall include provisions for
140 issuing tax credit vouchers for cash contributions to housing programs
141 based on a system of ranking housing programs. In establishing such
142 ranking system, the authority shall consider the following: (1) The
143 readiness of the project to be built; (2) use of the funds to build or
144 rehabilitate a specific housing project or to capitalize a revolving loan
145 fund providing low-cost loans for housing construction, repair or
146 rehabilitation to benefit persons of very low, low and moderate
147 income; (3) the extent the project will benefit families at or below
148 twenty-five per cent of the area median income and families with
149 incomes between twenty-five per cent and fifty per cent of the area
150 median income, as defined by the United States Department of

151 Housing and Urban Development; (4) evidence of the general
152 administrative capability of the nonprofit corporation to build or
153 rehabilitate housing; (5) evidence that any funds received by the
154 nonprofit corporation for which a voucher was issued were used to
155 accomplish the goals set forth in the application; and (6) with respect
156 to any income year commencing on or after January 1, 1998: (A) Use of
157 the funds to provide housing opportunities in urban areas and the
158 impact of such funds on neighborhood revitalization; and (B) the
159 extent to which tax credit funds are leveraged by other funds.

160 (l) Vouchers issued or reserved by the Department of Housing
161 under the provisions of this section prior to July 1, 1995, shall be valid
162 on and after July 1, 1995, to the same extent as they would be valid
163 under the provisions of this section in effect on June 30, 1995.

164 (m) The credit which is sought by the business firm shall first be
165 claimed on the tax return for such business firm's income year during
166 which the cash contribution to which the tax credit voucher relates was
167 paid.

168 Sec. 3. Section 12-217p of the general statutes is repealed and the
169 following is substituted in lieu thereof (*Effective July 1, 2002*):

170 (a) As used in this section, "business firm" means any business
171 entity authorized to do business in this state and subject to the
172 corporation business tax imposed under this chapter, or any company
173 subject to a tax imposed under chapter 207, any air carrier subject to
174 the air carriers tax imposed under chapter 209, or any railroad
175 company subject to the railroad companies tax imposed under chapter
176 210, or any regulated telecommunications service, express, telegraph,
177 cable or community antenna television company subject to the
178 regulated telecommunications service, express, telegraph, cable and
179 community antenna television companies tax imposed under chapter
180 211, or any utility company subject to the utility companies tax
181 imposed under chapter 212.

182 (b) There shall be allowed as a credit against the tax imposed by this

chapter or chapter 207, 209, 210, 211 or 212 in any income year an amount equal to the amount paid during such income year by a business firm into a revolving loan fund established to provide loans for housing located in the state for low and moderate income employees of the business firm or any subsidiary thereof. Employees of municipalities, nonprofit corporations and small businesses may also access such loan fund. Loans from any such fund shall be spent in this state and used for (1) the cost of housing that is to be a principal residence and falls within one hundred fifty per cent of the price guidelines established for programs administered by the Connecticut Housing Finance Authority, including costs for down payments, mortgage interest rate buy-downs, closing costs and other costs determined to be eligible under written procedures adopted by the Connecticut Housing Finance Authority under subsection (c) of this section and (2) payments for security deposits and advance payments for rental housing.

(c) The Connecticut Housing Finance Authority shall adopt written procedures in accordance with the provisions of section 1-121 for establishment and operation of employer revolving loan funds eligible for the credit provided in this section. Such procedures shall (1) include provisions for employee eligibility, [and shall] (2) specify expenses for which loans may be made, [and] (3) establish a mechanism for administering distribution of loans to employees of municipalities, nonprofit corporations and small businesses, and for allocating the credits corresponding to such loans, and (4) provide the documentation and procedures necessary for a business firm to qualify for the tax credit.

(d) Any business firm claiming the credit allowed by this section shall submit documentation to the Commissioner of Revenue Services that the revolving loan fund complies with written procedures for revolving loan funds established by the Connecticut Housing Finance Authority under subsection (c) of this section.

(e) Nothing in this section shall be construed to prevent two or more

216 business firms from participating jointly in one or more programs
217 under the provisions of this section. Such joint programs shall be
218 submitted, and acted upon, as a single program by the business firms
219 involved.

220 (f) Any business firm which desires to apply for the credit allowed
221 by this section shall submit the documentation required under
222 subsection (d) of this section to the authority on or before November
223 first of each year. The authority shall randomly select from among all
224 qualified business firms, those firms allowed said credit. The credit
225 shall be claimed on the tax return for the income year during which the
226 selected business firm made payment into the revolving loan fund. The
227 sum of all tax [credit] credits granted pursuant to the provisions of this
228 section shall not exceed one hundred thousand dollars annually per
229 business firm. In no event shall the total amount of all tax credits
230 allowed to all business firms pursuant to the provisions of this section
231 exceed one million dollars in any one fiscal year.

232 (g) No tax credit shall be granted to any bank, bank and trust
233 company, insurance company, trust company, national bank, savings
234 association, or building and loan association or any other business
235 entity for activities that are a part of its normal course of business.

236 (h) Any tax credit not used in the period during which the
237 investment was made may be carried forward or backward for the five
238 immediately succeeding or preceding income years until the full credit
239 has been allowed. For income years commencing on or after January 1,
240 1998, if the Connecticut Housing Finance Authority determines that
241 sixty per cent or more of a revolving loan fund has not been loaned as
242 provided in this section by a business firm on or before the date that is
243 three years after the date that a revolving loan fund is established
244 pursuant to this section by such business firm, the authority shall
245 notify such firm and the commissioner that the authority has
246 determined that sixty per cent or more of the fund has not been loaned
247 as provided in this section, and such firm shall be required to
248 recapture the credits previously granted under this section, to the

249 extent provided for in written procedures of the authority adopted
250 under section 1-121, on the first tax return required to be filed on or
251 after the date of such notice for a tax imposed by this chapter or
252 chapter 207, 209, 210, 210a or 212. If any amount of such recaptured
253 credit has not been paid to the commissioner on or before the due date
254 of such return, such amount shall bear interest at the rate of one per
255 cent per month or fraction thereof from such due date to the date of
256 payment.

257 Sec. 4. (NEW) (*Effective July 1, 2002*) The Connecticut Housing
258 Finance Authority shall provide financing for the purchase of
259 individual shares of or memberships in cooperative housing.

260 Sec. 5. Subsection (b) of section 12-217 of the general statutes is
261 repealed and the following is substituted in lieu thereof (*Effective from*
262 *passage and applicable to property placed in service after September 10, 2001,*
263 *in income years ending after said date*):

264 (b) [(1)] For purposes of determining net income under this section,
265 the deduction allowed for depreciation [in the determination of net
266 income for purposes of the federal income tax shall, for the income
267 year of any company commencing in 1981, 1982, 1983, 1984 or 1985,
268 not exceed as a percentage of the total amount of such deduction
269 allowed for federal income tax purposes, ninety-six per cent for the
270 income year commencing in 1981, ninety-one per cent for the income
271 year commencing in 1982, eighty-four per cent for the income year
272 commencing in 1983, seventy-seven per cent for the income year
273 commencing in 1984, and eighty-eight per cent for income years
274 commencing in 1985, provided the portion of such depreciation
275 allowed for federal income tax purposes but not allowed with respect
276 to any of such income years in determining net income under this
277 section, shall be allowed as a deduction in determining net income
278 under this section, in equal amounts with each of such amounts
279 computed as one-fifth of the total of such depreciation not allowed for
280 such income year, with respect to each of the five successive income
281 years of such company commencing with the third income year

282 immediately following the income year in which such depreciation is
283 not allowed. (2) Alternatively, for purposes of determining net income
284 under this section, any company qualified to claim deduction for
285 depreciation as described in subdivision (1) of this subsection for the
286 income year commencing in 1981, 1982, 1983, 1984 or 1985, may elect,
287 in lieu of the procedure under said subdivision (1), to depreciate
288 property placed in service on or after January 1, 1981, in accordance
289 with provisions of the federal corporation net income tax law
290 applicable to depreciable property placed in service immediately prior
291 to January 1, 1981, and such depreciation so determined for any of
292 such years shall be allowed as a deduction in determining net income
293 under this section for such income year, provided the Commissioner of
294 Revenue Services may refuse to allow any such deduction submitted in
295 accordance with this subdivision if the information in substantiation of
296 such deduction is deemed unsatisfactory by said commissioner in
297 relation to generally accepted accounting procedures] shall be
298 determined as provided under the Internal Revenue Code of 1986, or
299 any subsequent corresponding internal revenue code of the United
300 States, as from time to time amended, provided in making such
301 determination, the provisions of Section 168(k) of said code shall not
302 apply.

303 Sec. 6. Section 12-390b of the general statutes is repealed and the
304 following is substituted in lieu thereof (*Effective July 1, 2002, and*
305 *applicable to transfers occurring on or after July 1, 2002*):

306 (a) A tax is hereby imposed upon every generation-skipping
307 transfer, where the original transferor is a resident of this state at the
308 date of the original transfer. The amount of the tax shall be the amount
309 of the federal credit allowable for generation-skipping transfer tax paid
310 to any state under the provisions of the federal internal revenue code
311 in [force at the date of such generation-skipping transfer] effect as of
312 January 1, 2001, in respect to any property included in the generation-
313 skipping transfer. If any such property is real or tangible personal
314 property located outside this state and is subject to generation-
315 skipping transfer taxes by any state or states other than the state of

316 Connecticut for which such federal credit is allowable, the amount of
317 tax due under this section shall be reduced by the lesser of (1) the
318 amount of any such taxes paid to such other state or states and allowed
319 as a credit against the federal generation-skipping transfer tax in effect
320 as of January 1, 2001; or (2) an amount computed by multiplying such
321 federal credit by a fraction, (A) the numerator of which is the value of
322 all transferred real and tangible personal property which is subject to
323 generation-skipping transfer taxes and over which such other state or
324 states have jurisdiction for generation-skipping transfer tax purposes
325 to the same extent to which this state would exert jurisdiction for
326 generation-skipping transfer tax purposes under this chapter with
327 respect to the residents of such other state or states and (B) the
328 denominator of which is the value of all transferred property which is
329 subject to generation-skipping transfer taxes, wherever located.

330 (b) A tax is hereby imposed upon every generation-skipping
331 transfer, where the original transferor is not a resident of this state at
332 the date of the original transfer but where the generation-skipping
333 transfer includes real or tangible personal property located in this
334 state. The amount of the tax shall be computed by multiplying (1) the
335 federal credit allowable for generation-skipping transfer tax paid to
336 any state or states under the provisions of the federal internal revenue
337 code in [force at the date of such generation-skipping transfer] effect as
338 of January 1, 2001, in respect to any property included in the
339 generation-skipping transfer by (2) a fraction, (A) the numerator of
340 which is the value of all transferred real and tangible personal
341 property which is subject to generation-skipping transfer taxes, which
342 is located in this state and over which this state has jurisdiction for
343 generation-skipping transfer tax purposes, and (B) the denominator of
344 which is the value of all transferred property which is subject to
345 generation-skipping transfer taxes, wherever located.

346 (c) For purposes of subsections (a) and (b) of this section, property
347 shall have the same value that it has for federal generation-skipping
348 transfer tax purposes as provided in the Internal Revenue Code of
349 1986, or any subsequent corresponding internal revenue code of the

350 United States, in effect as of January 1, 2001.

351 Sec. 7. Section 12-391 of the general statutes is repealed and the
352 following is substituted in lieu thereof (*Effective July 1, 2002, and*
353 *applicable to estates of decedents who die on or after July 1, 2002*):

354 (a) A tax is imposed upon the transfer of the estate of each person
355 who at the time of death was a resident of this state. The amount of the
356 tax shall be the amount of the federal credit allowable for estate,
357 inheritance, legacy and succession taxes paid to any state or the
358 District of Columbia under the provisions of the federal internal
359 revenue code in [force at the date of such decedent's death] effect as of
360 January 1, 2001, in respect to any property owned by such decedent or
361 subject to such taxes as part of or in connection with the estate of such
362 decedent. If real or tangible personal property of such decedent is
363 located outside of this state and is subject to estate, inheritance, legacy,
364 or succession taxes by any state or states, other than the state of
365 Connecticut, or by the District of Columbia for which such federal
366 credit is allowable, the amount of tax due under this section shall be
367 reduced by the lesser of: (1) The amount of any such taxes paid to such
368 other state or states or said district and allowed as a credit against the
369 federal estate tax in effect as of January 1, 2001; or (2) an amount
370 computed by multiplying such federal credit by a fraction, (A) the
371 numerator of which is the value of that part of the decedent's gross
372 estate over which such other state or states or said district have
373 jurisdiction for estate tax purposes to the same extent to which this
374 state would assert jurisdiction for estate tax purposes under this
375 chapter with respect to the residents of such other state or states or
376 said district, and (B) the denominator of which is the value of the
377 decedent's gross estate. Property of a resident estate over which this
378 state has jurisdiction for estate tax purposes includes real property
379 situated in this state, tangible personal property having an actual situs
380 in this state, and intangible personal property owned by the decedent,
381 regardless of where it is located. The amount of any estate tax imposed
382 under this subsection shall also be reduced, but not below zero, by the
383 amount of any tax that is imposed under chapter 216 and that is

384 actually paid to this state.

385 (b) A tax is imposed upon the transfer of the estate of each person
386 who at the time of death was a nonresident of this state, the amount of
387 which shall be computed by multiplying (1) the federal credit
388 allowable for estate, inheritance, legacy, and succession taxes paid to
389 any state or states or the District of Columbia under the provisions of
390 the federal internal revenue code in [force at the date of such
391 decedent's death] effect as of January 1, 2001, in respect to any
392 property owned by such decedent or subject to such taxes as a part of
393 or in connection with the estate of such decedent by (2) a fraction, (A)
394 the numerator of which is the value of that part of the decedent's gross
395 estate over which this state has jurisdiction for estate tax purposes, and
396 (B) the denominator of which is the value of the decedent's gross
397 estate. Property of a nonresident estate over which this state has
398 jurisdiction for estate tax purposes includes real property situated in
399 this state and tangible personal property having an actual situs in this
400 state. The amount of any estate tax imposed under this subsection shall
401 also be reduced, but not below zero, by the amount of any tax that is
402 imposed under chapter 216 and that is actually paid to this state.

403 (c) For purposes of subsections (a) and (b) of this section, "gross
404 estate" means the gross estate, for federal estate tax purposes as
405 provided in the Internal Revenue Code of 1986, or any subsequent
406 corresponding internal revenue code of the United States, in effect as
407 of January 1, 2001.

408 (d) (1) For the purposes of this chapter, each decedent shall be
409 presumed to have died a resident of this state. The burden of proof in
410 an estate tax proceeding shall be upon any decedent's estate claiming
411 exemption by reason of the decedent's alleged nonresidency.

412 (2) Any person required to make and file a tax return under this
413 chapter, believing that the decedent died a nonresident of this state,
414 may file a request for determination of domicile in writing with the
415 Commissioner of Revenue Services, stating the specific grounds upon

416 which the request is founded provided (A) such person has filed such
417 return, (B) at least two hundred seventy days, but no more than three
418 years, has elapsed since the due date of such return or, if an
419 application for extension of time to file such return has been granted,
420 the extended due date of such return, (C) such person has not been
421 notified, in writing, by said commissioner that a written agreement of
422 compromise with the taxing authorities of another jurisdiction, under
423 section 12-395a, is being negotiated, and (D) the commissioner has not
424 previously determined whether the decedent died a resident of this
425 state. Not later than one hundred eighty days following receipt of such
426 request for determination, the commissioner shall determine whether
427 such decedent died a resident or a nonresident of this state. If the
428 commissioner commences negotiations over a written agreement of
429 compromise with the taxing authorities of another jurisdiction after a
430 request for determination of domicile is filed, the one-hundred-eighty-
431 day period shall be tolled for the duration of such negotiations. When,
432 before the expiration of such one-hundred-eighty-day period, both the
433 commissioner and the person required to make and file a tax return
434 under this chapter have consented in writing to the making of such
435 determination after such time, the determination may be made at any
436 time prior to the expiration of the period agreed upon. The period so
437 agreed upon may be extended by subsequent agreements in writing
438 made before the expiration of the period previously agreed upon. The
439 commissioner shall mail notice of his proposed determination to the
440 person required to make and file a tax return under this chapter. Such
441 notice shall set forth briefly the commissioner's findings of fact and the
442 basis of such proposed determination. Sixty days after the date on
443 which it is mailed, a notice of proposed determination shall constitute
444 a final determination unless the person required to make and file a tax
445 return under this chapter has filed, as provided in subdivision (3) of
446 this subsection, a written protest with the Commissioner of Revenue
447 Services.

448 (3) On or before the sixtieth day after mailing of the proposed
449 determination, the person required to make and file a tax return under

450 this chapter may file with the commissioner a written protest against
451 the proposed determination in which such person shall set forth the
452 grounds on which the protest is based. If such a protest is filed, the
453 commissioner shall reconsider the proposed determination and, if the
454 person required to make and file a tax return under this chapter has so
455 requested, may grant or deny such person or the authorized
456 representatives of such person an oral hearing.

457 (4) Notice of the commissioner's determination shall be mailed to
458 the person required to make and file a tax return under this chapter
459 and such notice shall set forth briefly the commissioner's findings of
460 fact and the basis of decision in each case decided adversely to such
461 person.

462 (5) The action of the commissioner on a written protest shall be final
463 upon the expiration of one month from the date on which he mails
464 notice of his action to the person required to make and file a tax return
465 under this chapter unless within such period such person seeks review
466 of the commissioner's determination pursuant to subsection (b) of
467 section 12-395.

468 (6) Nothing in this subsection shall be construed to relieve any
469 person filing a request for determination of domicile of the obligation
470 to pay the correct amount of tax on or before the due date of the tax.

471 Sec. 8. Subsection (a) of section 12-219 of the general statutes is
472 repealed and the following is substituted in lieu thereof (*Effective July*
473 *1, 2002, and applicable to income years commencing on or after January 1,*
474 *2002*):

475 (a) (1) Each company subject to the provisions of this part shall pay
476 for the privilege of carrying on or doing business within the state, the
477 larger of the tax, if any, imposed by section 12-214 and the tax
478 calculated under this subsection. The tax calculated under this section
479 shall be a tax of three and one-tenth mills per dollar for each income
480 year of the amount derived (A) by adding (i) the average value of the
481 issued and outstanding capital stock, including treasury stock at par or

482 face value, fractional shares, scrip certificates convertible into shares of
483 stock and amounts received on subscriptions to capital stock,
484 computed on the balances at the beginning and end of the taxable year
485 or period, the average value of surplus and undivided profit computed
486 on the balances at the beginning and end of the taxable year or period,
487 and (ii) the average value of all surplus reserves computed on the
488 balances at the beginning and end of the taxable year or period, (B) by
489 subtracting from the sum so calculated (i) the average value of any
490 deficit carried on the balance sheet computed on the balances at the
491 beginning and end of the taxable year or period, and (ii) the average
492 value of any holdings of stock of private corporations including
493 treasury stock shown on the balance sheet computed on the balances at
494 the beginning and end of the taxable year or period, and (C) by
495 apportioning the remainder so derived between this and other states
496 under the provisions of section 12-219a, provided in no event shall the
497 tax so calculated exceed one million dollars or be less, after subtracting
498 any credit that such company may be eligible to claim against the tax
499 imposed under this chapter, than [two hundred fifty] four hundred
500 fifty dollars.

501 (2) For purposes of this subsection, in the case of a new domestic
502 company, the balances at the beginning of its first fiscal year or period
503 shall be the balances immediately after its organization or immediately
504 after it commences business operations, whichever is earlier; and in the
505 case of a foreign company, the balances at the beginning of its first
506 fiscal year or period in which it becomes liable for the filing of a return
507 in this state shall be the balances as established at the beginning of the
508 fiscal year or period for tax purposes. In the case of a domestic
509 company dissolving or limiting its existence, the balances at the end of
510 the fiscal year or period shall be the balances immediately prior to the
511 final distribution of all its assets; and in the case of a foreign company
512 filing a certificate of withdrawal, the balances at the end of the fiscal
513 year or period shall be the balances immediately prior to the
514 withdrawal of all of its assets. When a taxpayer has carried on or had
515 the right to carry on business within the state for eleven months or less

516 of the income year, the tax calculated under this subsection shall be
517 reduced in proportion to the fractional part of the year during which
518 business was carried on by such taxpayer. The tax calculated under
519 this subsection shall, in no case, be less than [two hundred fifty] four
520 hundred fifty dollars for each income year. The taxpayer shall report
521 the items set forth in this subsection at the amounts at which such
522 items appear upon its books; provided, when, in the opinion of the
523 Commissioner of Revenue Services, the books of the taxpayer do not
524 disclose a reasonable valuation of such items, the commissioner may
525 require any additional information which may be necessary for a
526 reasonable determination of the tax calculated under this subsection
527 and shall, on the basis of the best information available, calculate such
528 tax and notify the taxpayer thereof.

529 Sec. 9. Section. 12-223c of the general statutes is repealed and the
530 following is substituted in lieu thereof (*Effective July 1, 2002, and*
531 *applicable to income years commencing on or after January 1, 2002*):

532 Each corporation included in a combined return, other than the
533 corporation whose tax is computed and paid on the combined basis,
534 shall pay the minimum tax of [two hundred fifty] four hundred fifty
535 dollars prescribed under section 12-219, as amended by this act.

536 Sec. 10. Subsection (a) of section 12-217ee of the general statutes, as
537 amended by section 11 of public act 01-6 of the June special session, is
538 repealed and the following is substituted in lieu thereof (*Effective July*
539 *1, 2002, and applicable to income years commencing on or after January 1,*
540 *2002*):

541 (a) Any taxpayer that (1) is a qualified small business, (2) qualifies
542 for a credit under section 12-217j or section 12-217n, and (3) cannot
543 take such credit in the taxable year in which the credit could otherwise
544 be taken as a result of having [no] a tax liability, after subtracting any
545 credit that such company may be eligible to claim against the tax
546 imposed under this chapter, no greater than four hundred fifty dollars,
547 may elect to carry such credit forward under this chapter or may apply

548 to the commissioner as provided in subsection (b) of this section to
 549 exchange such credit with the state for a credit refund equal to sixty-
 550 five per cent of the value of the credit. Any amount of credit refunded
 551 under this section shall be refunded to the taxpayer under the
 552 provisions of this chapter, except that such credit refund shall not be
 553 subject to the provisions of section 12-227.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>July 1, 2002</i>
Sec. 3	<i>July 1, 2002</i>
Sec. 4	<i>July 1, 2002</i>
Sec. 5	<i>from passage and applicable to property placed in service after September 10, 2001, in income years ending after said date</i>
Sec. 6	<i>July 1, 2002, and applicable to transfers occurring on or after July 1, 2002</i>
Sec. 7	<i>July 1, 2002, and applicable to estates of decedents who die on or after July 1, 2002</i>
Sec. 8	<i>July 1, 2002, and applicable to income years commencing on or after January 1, 2002</i>
Sec. 9	<i>July 1, 2002, and applicable to income years commencing on or after January 1, 2002</i>
Sec. 10	<i>July 1, 2002, and applicable to income years commencing on or after January 1, 2002</i>

FIN **Joint Favorable Subst.**